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Progress Through Partnership

Medicaid
Medicare
Management Institute

HEALTH CARE FINANCING ADMINISTRATION

MAY, 1980 Issue # 4

# MEDICAID MEDICARE EXCHANGE

## 12TH ANNUAL STATE MEDICAID DIRECTORS' CONFERENCE

Representatives from nearly all the States and jurisdictions took part in the 12th Annual State Medicaid Directors' Conference May 12-15 in Memphis. The conference was developed and conducted by the Medicaid Medicare Management Institute.

In his keynote speech to the 300-plus attendees, HCFA Administrator Leonard D. Schaeffer emphasized that in "coping with financial limits placed upon us, those responsible for program management should use all their skills to find ways of cutting costs while preserving services for those who are in need."

Panels of State executives and HCFA senior staff discussed program issues, initiatives and problems in administering the Medicaid program.

As with the earlier Medicare Contractors' Conference, HCFA discussion papers focusing on key program issues and priorities were shared with the attendees. The discussion papers are designed to encourage dialogue among all who share responsibility for health care financing management, to achieve a common understanding of major concerns and goals and to promote cooperative efforts toward improving the structure and effectiveness of health care financing programs and relationships. These papers will be revised periodically to reflect comments, and the current status of HCFA planning.

Available on request, the papers are:

HCFA Goals for Improving Consistency, Accuracy, and Comparability of Diagnosis and Procedure Labeling System (Discussion Paper);

Health Care Information Systems of the 80's: HCFA Perspectives and Initiatives (Discussion Paper); and

Operating Framework for HCFA Program Administration (Discussion Paper).

The "Operating Framework" paper has been revised to include operating strategies for Medicaid and the "Information Systems" paper changed to include a more thorough discussion of data management initiatives and hospital reporting requirements.

Copies of the papers may be obtained by calling Edward Palder, 301-594-8940, (FTS 934-8940), or by writing Health Care Financing Administration, Medicaid/Medicare Management Institute, 389 East High Rise Building, 6401 Security Boulevard, Baltimore, Maryland 21235.

# MMIS UPDATE

## HCFA SEEKS INPUT

MMIS Enhancements The Division of Systems Planning and Development (DSPD), within HCFA's Office of Methods and Systems, develops, designs, directs, and coordinates systems plans and studies relating to Medicare and Medicaid. Special emphasis is now being given to define and develop activities in portions of the Medicaid Management Information System. DSPD views the experts in various claims processing and data processing sites as invaluable resources, and therefore asks that State agencies and/or contractors with enhancements planned or scheduled for implementation, and who are willing to share their systems' creativity, send an explanation and/or documentation of such activities.

Please forward responses to: Systems Development Branch, Division of Systems Planning and Development, Room G-10 East High Rise, 6401 Security Boulevard, Baltimore, Maryland 21235.

GSD Alternatives The Office of Methods and Systems is also developing alternatives to the current Medicaid Management Information System (MMIS) General System Design (GSD). In this effort, HCFA is soliciting input from States, regional offices and the private sector. (All information, data, suggestions or ideas submitted in writing to HCFA or conveyed orally shall become the property of the United States Government.) This request is not intended as a preliminary to any contemplated HCFA contract, grant or cooperative agreement actions. Please send suggestions to Richard W. Moss, Chief, Systems Planning Branch, DSPD, OMS, BPO, HCFA, Room G-20, East High Rise, 6401 Security Blvd., Baltimore, Maryland 21235.

## PENNSYLVANIA'S REFERENCE SUBSYSTEM

Pennsylvania recently implemented a new reference subsystem as part of their Medicaid program. The subsystem is part of Pennsylvania's new claims processing system, the Medical Assistance Management Information System (MAMIS), being implemented in stages. The subsystem is an on-line, updatable system designed for maximum user flexibility. Aside from basic information for each procedure and drug (i.e., code and narrative description), all indicators and limits are date related, that is, the file can easily accommodate policy changes and apply those policies correctly, based on a claim's date of service.

Other features of the subsystem include: 1) a diagnosis file which carries length of stay norms for inpatient diagnoses, and is capable of relating diagnoses to procedures; 2) related procedure records which permit associating multiple surgical procedures for automatic pricing of multiple surgical claims; and 3) an edit error file which designates each edit, includes a narrative description of it, and defines the disposition of claims on which an edit is set. (Edit outcomes are flexible and can be specified for each provider. New edits can be phased into the system with the outcome levels being changed by the user without additional programming or system changes. The edit flexibility allows new edits to be reported internally for information purposes, which is proving useful for shaking out new edits.)

MAMIS should be fully implemented by January 1981. For further information about MAMIS contact Allen Z. Miller in Pennsylvania, 717-783-5326, or FTS 593-5326.

## SYSTEMS TECHNICAL ADVISORY GROUP

The Systems Technical Advisory Group (STAG) works with HCFA's Office of Methods and Systems regarding systems activities that impact States. The STAG includes State, regional and central office staff and replaces the National Technical Advisory Group. (NTAG is detailed in previous issues of MMX.) Cochaired by Allen Miller of Pennsylvania and William H. Hogsten, Acting Director of HCFA's Office of Methods and Systems, STAG includes representatives from Idaho, New York, Georgia, Pennsylvania, Nebraska, Montana, the American Public Welfare Association, and the State Medicaid Directors' Council.

Key issues covered in a recent STAG meeting included the proposed Medicare Part A tape to tape format for hospital billing, as well as identification and definition of data elements for various files and claims forms in a State's MMIS. At the next meeting, STAG members will continue work on data elements, and HCFA's proposed common claim form for physician billing. For further information regarding STAG, contact: Richard Moss, 301-594-6491, FTS 934-6491.

## ELIGIBILITY TA GROUP

The Eligibility Technical Advisory Group (ETAG), a subgroup of the Systems Technical Advisory Group, has been formed to work with central office staff on Medicaid eligibility systems development. ETAG includes State representatives with varied expertise and responsibilities in health and welfare programs. States represented are Texas, Oklahoma, North Carolina, and California. Cochaired by Charlotte Mitchell of North Carolina, and William Grant, Director of HCFA's Division of Eligibility Systems, the group meets periodically to discuss such issues as data requirements, functional requirements and performance standards for use in developing a Medicaid eligibility determination system. Contact: William Grant, 301-594-7847, FTS 934-7847.

## SUR ADVISORY PANEL

In another effort to involve State staff, a Surveillance and Utilization Review (SUR) advisory panel was recently formed to assist a SUR project initiated by HCFA's Systems Development Branch (Office of Methods and Systems). The panel brings together experts from various components that impact the multifaceted reviews of utilization practices of Medicaid providers and beneficiaries. Representatives from five HCFA components, Region III and three States (Minnesota, Georgia, and Ohio) meet monthly toward producing updated SUR requirements by the end of this fiscal year.

In this effort, panel members will review preliminary and final products developed by HCFA's SUR project team and make recommendations to ensure an efficient system that adheres to the project's objective. According to Robert Nakamoto, panel chairperson, "Panel members are in a unique position to incorporate within the system those cost effective measures which have become apparent during the intervening years between the original design and this effort." Contact: Robert Nakamoto, 301-594-4880, FTS 934-4880.

THIS MARKS THE FIRST ISSUE OF MEDICAID MEDICARE EXCHANGE UNDER THE AUSPICES OF THE NEW DEPARTMENT OF "HEALTH AND HUMAN SERVICES."

## MEDICAID BPST BEING EXPANDED

The Bill Processing System Test (BPST), a model system designed to aid States in identifying and correcting deficiencies in their Medicaid claims processing system, is now being expanded. The current BPST model tests only physician providers. Early experience indicates potential cost savings, since every BPST test claim which results in erroneous payment clearly shows need for additional pre- or postpayment edits to prevent or to recoup such payment. States' experience with BPST also demonstrated need for coverage of nonphysician providers.

HCFA is now working on a contract to: (1) provide to a State (selected by HCFA/OMS) direct technical assistance to develop and implement an expanded Medicaid BPST to include nonphysician claims, i.e., hospitals, clinics, skilled nursing facilities, independent laboratories, dental claims, intermediate care facilities, etc.; (2) assist State and OMS staff in demonstrating the expanded test in the selected State; (3) incorporate ICD-9-CM diagnosis coding in the current version as well as the expanded version of the Medicaid BPST; and (4) develop and implement a test control mechanism in the expanded BPST to provide the status of claims.

HCFA released the Request For Proposal April 23, 1980, with closing date for proposals May 21. A contract should be awarded by July 1. HCFA expects the expanded system will be completed in the initial State in early 1981. Based on that State's results, HCFA will have the option to implement the system in five additional States. Contact: Robert Young, 301-594-4885, FTS 934-4885.

## NOTES FROM THE OFFICE OF INTERGOVERNMENTAL AFFAIRS

The Office of Intergovernmental Affairs sponsored a meeting of 12 single State agencies and representatives of State government leadership organizations with HCFA senior staff, April 18-19, to discuss administrative and policy issues currently impeding effective Federal/State partnerships in administering HCFA programs. Participants developed several action items, including a strategy and structure to involve single State agency heads in major HCFA policy decisions.

States represented included Vermont, New York, New Jersey, Pennsylvania, South Carolina, Michigan, Illinois, New Mexico, Iowa, Colorado, California and Idaho. National organizations represented included: American Public Welfare Association, Council of State Welfare Administrators, State Medicaid Directors' Council and the American Public Health Association.

Through the MMX, our office highlights matters of interest to States and localities. We continue to work with States in developing effective working relationships with the HCFA units. OIA's phone number is 301-594-9725, FTS 934-9725.

Dick Heim
Director, OIA

# CAPITALIZING STATE RESOURCES

The Medicaid/Medicare Management Institute's Corrective Action Projects Division (CAPD) continues to provide on-site technical assistance to State Medicaid agencies in an effort to reduce operational errors and any resulting erroneous payments. Three program areas--eligibility, claims processing and third party liability--are the core of CAPD activities.

Medicaid issues of the MMX highlight these activities. Some recent efforts follow.

## NEW YORK RESTRICTED RECIPIENT SYSTEM

A major initiative is underway in New York to improve management of the State's restricted recipient program through development and implementation of an automated file of these recipients and their primary providers. This Surveillance and Utilization Review Subsystem program controls overutilization by limiting the number of providers from whom a recipient can obtain services. CAPD is assisting in designing and programming the system's history file to be utilized by New York's fiscal agent for processing claims on restricted recipients. The State now manually monitors a limited number of recipients in New York City. By automating the process, the State will be able to significantly increase the number of cases reviewed and decrease the time needed for payment of valid claims. Use of the system will coincide with the installation of MMIS in the up-State counties. Contact: Marianne Faulstich, 301-594-9680, FTS 934-9680.

## ERROR PRONE PROFILING

CAPD has taken special interest in ten States designated by HCFA for technical assistance priority because of high quality control error rates. CAPD is offering these States Error Prone Profiling (EPP) projects.

Error prone profiling, a major cost effective management tool, aids in developing corrective actions. It involves statistical analysis of Medicaid Quality Control data to determine the prevalent characteristics of error cases. Once these characteristics are identified, cases in the overall caseload which possess these traits are isolated and subjected to selective case actions or special eligibility reviews to avoid eligibility related errors.

CAPD is currently implementing an EPP project in Delaware, negotiating an EPP project in Montana, and has just completed such a project in Georgia. CAPD reviewed Georgia's case management procedures and recommended corrective actions focused on reducing errors in cases with resources (real property and liquid assets). Examples of indicated corrective actions included use of an ADP tickler system, data exchanges with banks and additional personnel training. Contact: Ellen McNeill, 301-594-9513, FTS 934-9513.

## TPL GUIDE

CAPD has developed a how-to guide to help State agencies implement and administer third party liability programs and lower overall program costs. The guide, which can be used as a reference manual for developing a TPL unit, contains an overview of Federal TPL requirements, models of operating State TPL systems, and illustrations of TPL data collection and report forms. The guide should be mailed to States by late June.

# CHILD HEALTH CHECKUP

In this column, HCFA's Office of Child Health (OCH) shares highlights of State efforts in assuring that high quality health services are reaching poor children in need of such care. OCH also offers information on various resources which States may find useful in managing child health programs. Contact persons are listed with each article. In addition, the Medicaid Medicare Management Institute Clearinghouse is now expanding their collection of child health materials, and therefore requests that States send EPSDT and child health materials; e.g., manuals, guides, pamphlets. In this way, the Clearinghouse will keep States informed of resource materials available. Send materials to Carlotta Wilkins, M/MMI Clearinghouse, 389 East High Rise, Baltimore, MD 21235, or call Ms. Wilkins at 301-594-9526, FTS 934-9526.

## EPSDT ADOLESCENT CARE PUBLICATION

"A Guide to Adolescent Health Care - EPSDT" has now been issued by HCFA's Office of Child Health. This pamphlet, developed in response to an increasing number of requests for specific technical assistance, provides a basis for setting standards of good practice in planning and delivering EPSDT services to adolescents.

Copies of the guide (publication number HCFA-80-0100) may be obtained by writing HCFA's Office of Printing and Publications, D-3 Gwynn Oak Building, 1710 Gwynn Oak Avenue, Baltimore, Maryland 21207. Office of Child Health contact for more information is Helen Martz, 202-472-7413.

## REGION III EPSDT/SCHOOLS DEMONSTRATION

Region III (Philadelphia) Medicaid staff recently met with regional staff from the Department of Education and the Public Health Service to discuss status of responses to an EPSDT/Schools demonstration project. To date, West Virginia and Delaware have formally expressed an interest in the project. The latter has outlined its proposal for implementation of this initiative and included a letter of support from the State Medicaid agency. Contact: Office of the Regional Administrator, Region III, 215-596-1370 or FTS 596-1370.

## FILMS ON THE LEARNING DISABLED ADULT

Learning disabilities, often invisible, affect an estimated 15 to 20 percent of all school children in varying degrees of severity. Relevancy to EPSDT is found in the developmental assessment component, especially for adolescents and young adults up to age 21.

Three half-hour color videocassettes are now available on "The Dilemma of the Learning Disabled Adult." The cassettes are titled, "Through the Cracks: Rehabilitating the Learning Disabled Adult;" "Educating the Learning Disabled Adult;" and "Employing the Learning Disabled Adult." They depict the plight of several such young adults, and give clues to how they might be helped to avoid waste of human potential. For rental or purchase information on these cassettes, and another (57 minutes) designed for the general public, contact the National Symposium for Learning Disabilities, 600 Southland Financial Center, 4111 South Darlington, Tulsa, Oklahoma 74114. Office of Child Health contact for more information is Helen Martz, 202-472-7413.

## MISSOURI SCHOOL DISTRICT BECOMES AN EPSDT PROVIDER

Region VII (Kansas City) officials participated in a February 27 signing ceremony in which the Independence School District executed an agreement with the Missouri Division of Family Services to promote effective delivery

of health services for Medicaid eligible children living in the school district. Under the agreement, the Independence School District, which serves about 1,200 Medicaid eligible students, will provide EPSDT screening services, and referral services for diagnosis and treatment of Medicaid eligible children needing such services. A local pediatrician will perform physical examinations, and school nurses and Graceland College students will assist in other components of the screening package.

Similar EPSDT provider negotiations are currently underway in eight other school districts involving large metropolitan areas including St. Louis and Des Moines. Contact: Johnnie-Terry Flemming, 314-758-3763 or FTS 758-3763.

## INTERAGENCY ACTIVITIES

Public Housing On April 11, 1980, HHS and HUD officials entered into an agreement designed to improve delivery of EPSDT services to children in public housing. Of the more than three and one-half million public housing residents, 60% are under age 21 and most are Medicaid eligibles. Of great concern for both Departments is early detection and treatment of childhood diseases and disabilities, and effective use of EPSDT for this population.

Under the agreement, the Departments plan to: 1) identify objectives; 2) develop strategies; and 3) clarify specific action steps by State EPSDT programs to better collaborate with the Public Housing Authority. Contact: Michael Ellis, 202-472-4904.

Head Start HCFA and HHS's Office of Human Development Services (OHDS) reached an agreement to expand on the 1976 exchange of information between Head Start and EPSDT. The agreement defines responsibilities of central, regional, and State staff. Outreach, transportation, and case management are specifically addressed.

Head Start has agreed to refer Medicaid eligible children in its program to EPSDT providers. Also, Head Start will not only reach children participating in its program, but siblings of these children as well, even though they may not be attending one of the Head Start sites. Contact: Michael Ellis, 202-472-4904.

Health Planning Agency HCFA and the Public Health Service have developed specific tasks for HHS's Child Health Strategy, and established a set of working relationships to promote child health care. HCFA and PHS will provide child health planning and resources development guidance to the national health planning network of over 200 Health Systems Agencies (HSA's), Statewide Health Coordinating Councils (SHCC's), and State Health Planning and Development Agencies (SHPDA's) in each State, and the National Council on Health Planning and Development (NCHPD). Basically, the network should effectively involve the private sector as well as consumers and elected officials. Contact: Mitchell Roth, 301-597-1155 or FTS 987-1155.

## RESOURCE MANUAL FOR SURVEYORS AND REVIEWERS

Program Issues in Developmental Disabilities has been issued to State surveyors and independent professional reviewers who monitor Intermediate Care Facilities for the Mentally Retarded (ICFs/MR). Designed to aid such staff in insuring that patients receive appropriate, individualized services, the manual highlights programs and practices which support "active treatment" in ICFs/MR. This manual was developed under a grant from HHS's Administration on Developmental Disabilities by the John F. Kennedy Institute (John Hopkins, Baltimore, MD), and field tested last year. The manual covers such subjects as: the nature and needs of persons with mental retardation; patients' legal rights; behavior management techniques; and individual program planning.

States desiring copies of the manual may call Ruth Perry, 301-594-8856, FTS 934-8856; or write: MMMI/HCFA, 389 East High Rise, Baltimore, MD 21235.

# REGULATION

Following are recent HCFA regulations of special interest to Medicare and Medicaid program managers. Questions may be directed to the contact person listed with each regulation.

Medicare and Medicaid Programs; Revision of Subpart 3 -- Certification Procedures for Providers and Suppliers of Services - General Notice
3/7/80 Federal Register - Dates listed for public meetings
Contact: William Hunt, 301-594-7940, FTS 934-7940

Medicare Program; Reimbursement of Hospital Based Physicians - Final Notice
3/11/80 Federal Register - Effective 7/1/80 (see following entry)
Contact: William Birnie, 301-594-5431, FTS 934-5431

Medicare Program; Reimbursement of Hospital Based Physicians - Correction Notice
3/24/80 Federal Register - Effective 7/1/80, Comments due 5/23/80
Contact: William Birnie, 301-594-5431, FTS 934-5431

Professional Standards Review Organization; Statewide PSRO Council of Missouri; Requests for Nominations for Public Member Positions on the Council - General Notice
3/13/80 Federal Register
Contact: Gene Hyde, 816-374-5233

Medicare and Medicaid Programs; Requirements for Certification of Medicare and Medicaid Long Term Care Facilities with Repeat Deficiencies - Proposed Regulation
3/14/80 Federal Register - Comments due 5/13/80
Contact: Jim Conrad, 301-594-7940, FTS 934-7940

Medicare and Medicaid Programs; Annual Hospital Report - Proposed Regulation
3/19/80 Federal Register - Comments due 5/28/80
Contact: William Damrosch, 301-597-1467, FTS 987-1467

Food and Drug Administration; Blood Banking and Transfusion Programs; Memorandum of Understanding with the Public Health Service and the Health Care Financing Administration - General Notice
3/25/80 Federal Register - Effective 1/21/80
Contact: Gary Dykstra, 301-443-3470

Federal Health Insurance for the Aged and Disabled; Quality Control and Proficiency Testing Standards for Laboratories in Medical Hospitals - Final Regulation
3/31/80 Federal Register - Effective 3/28/80
Contact: Royal A. Crystal, 301-594-7910, FTS 934-7910

Medicare Program; Recodification of Medicare Regulations - Notice of Decision to Recodify Regulations
3/31/80 Federal Register - (see next entry)
Contact: Luisa V. Iglesias, 202-426-4055

Medicare Program; Recodification of Medicare Regulations; Correction
4/16/80 Federal Register - Correction Notice
Contact: Luisa V. Iglesias, 202-426-4055

# REVIEW

Medicare Program; Proposed Schedule of Limits on Hospital Inpatient General Routine Operating Costs for Cost Reporting Periods Beginning on or After July 1, 1980 - Proposed Notice
4/1/80 Federal Register - Comments due 6/2/80
Contact: Carl Slutter, 301-594-9344, FTS 934-9344

Professional Standards Review Organization; Area Designations - Notice of Decision to Develop Regulation
4/2/80 Federal Register
Contact: Anthony J. Colotta, 301-594-5033, FTS 934-5033

Medicare Program; Ambulance Service - Notice of Decision to Develop Regulation
4/4/80 Federal Register
Contact: Henry J. Hehir, 301-594-8561, FTS 934-8561

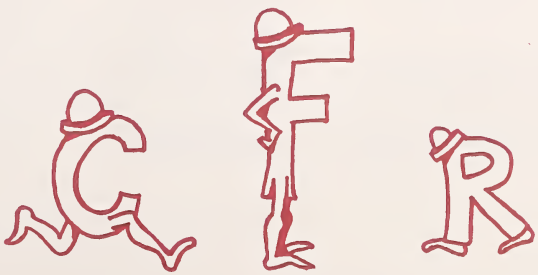
Medicare and Medicaid Programs; Provider Agreements: Redesignation and Rewrite of Medicare Regulations; Effective Dates; Effect of Change in Ownership - Final Regulation with Comment Period
4/4/80 Federal Register - Comment due 6/2/80
Contact: James Conrad, 301-594-7940, FTS 934-7940

Conditions for Coverage of Supplies of ESRD Services; Revocation of Requirements for Emergency Generator and Ground Fault Interrupters - Final Regulation
4/10/80 Federal Register - Effective 4/10/80
Contact: Janet Harryman, 301-594-9712, FTS 934-9712

Medicaid Program; Miscellaneous Corrections - Final Regulation
4/11/80 Federal Register - Effective 9/29/78 (exceptions listed)
Contact: Ann Watts, 202-426-4055

Pharmaceutical Reimbursement Board; Final Maximum Allowable Cost Determination; Correction
4/14/80 Federal Register - Correction of Final Regulation, Effective 3/31/80
Contact: Joel J. Schaer, 301-594-9635, FTS 934-9635

Prohibition of Reassignment of Claims by Providers and Suppliers - Final Regulation
4/21/80 Federal Register - Comments due 5/21/80
Contact: Harold Fishman, 301-594-9077, FTS 934-9077



## SMG MEETS IN MEMPHIS

The second meeting of the State Medicaid Group (SMG) was held in Memphis on May 14, in conjunction with the Annual State Medicaid Directors' Conference. Among the highlights of the meeting:

- A new subcommittee on long term care was announced, chaired by Jack Knowlton (N.Y.).
- APWA affiliation, effective June 1, will change the Council's name to State Medicaid Directors' Association.
- States requested greater involvement in HCFA and Departmental task forces on long term care, and in review of policy issues.
- State concerns regarding proposed common claims forms were aired.
- Significant modifications in the Mid-Year State Medicaid Directors' Conference will be initiated for this fall.
- The FY 1981 Annual State Medicaid Directors' Conference will be held in Philadelphia.
- The next SMG meeting is scheduled for late August or early September.
- Activities of Technical Advisory Groups (TAGs) were reviewed. These TAGs are currently in existence:

| TAG | HCFA LEAD | SMG LEAD |
|---|---|---|
| Systems TAG | William Hogsten | Howard Stansberry |
| Surveillance and Utilization TAG | James Patton | Stephen Press |
| Medicaid Management Information and Reporting TAG | To Be Announced | Howard Stansberry |
| Financial Management TAG | Charles Schreibeis | Howard Stansberry |
| Program Standards and Evaluation TAG | Newton Dikoff | Peter Bloomsburgh |
| Quality Control/Corrective Action TAG | Mary Kenesson/ John Berry | Stephen Press |
| Reimbursement Policy TAG | Robert Streimer | To Be Announced |
| Medicaid Eligibility Policy TAG | Elmer Smith | To Be Announced |
| EPSDT TAG | To Be Announced | To Be Announced |

# Trainers... Take Note!

In times of austerity, when employee effectiveness is crucial, trainers must be at their creative best to develop and implement dynamic and meaningful programs. But, as we all know, it is difficult to find time to develop these programs.

Let's maximize our individual efforts by sharing training tools and programs that have worked. As noted in other articles in this issue, the Medicaid Medicare Management Institute collects and shares useful information to assist States in managing their programs. In this effort, "Trainers...Take Note!" will collate your information on successful orientation or special focus programs in Medicaid or Medicare and pass it on. Or if you have used needs assessments, evaluation tools, train the trainer programs, programmed instruction texts, case studies, games, readings, or training aids (i.e., videotapes accompanied by discussion leaders' guides) in developing or delivering these programs, won't you share these with other trainers? Send your information to Susan Eberhard, M/MMI/BPO/HCFA, 365 East High Rise, 6401 Security Blvd., Baltimore, Maryland 21235, or call 301-594-8655, FTS 934-8655.

Sharing programs and supportive material will help trainers who read this column meet their unique situation, creatively. If your training unit does not receive the MMX, send the request form on p.20.

Susan Eberhard

# MMMI EVENTS

The Medicaid/Medicare Management Institute is developing a series of programs for the remainder of the fiscal year.

The programs below are currently scheduled.

Carrier Representative Group Meeting
June 18, 1980 Baltimore, MD
Contact: Paul Beller
301-594-9523
FTS 934-9523

Independent Professional Review/ Medical Review Teams Workshop
June 24-26, 1980 Chicago, IL
Contact: Beulah Williamson
301-594-8647
FTS 934-8647

Approaches to Error Reduction in Medicaid Management through Corrective Action
July 10-11, 1980 Kansas City, MO
Contact: Marlene Jones
301-594-8945
FTS 934-8945

Several other M/MMI programs are planned for the remainder of FY 1980, but are not yet finalized. M/MMI planned activities include:

EPSDT/General Systems Design Workshops; Management Information for Medicaid; State Medicaid Group Meeting; and Third Party Liability Workshops. Announcements of these events will be issued individually.

READERS ARE ADVISED TO WATCH THIS SPACE FOR UPDATED SCHEDULES OF EVENTS.

## MMMI PUBLICATIONS

The Medicaid/Medicare Management Institute has issued several publications recently. They are:

- Third Party Liability Workshop Papers
- State Medicaid Directors' Mid-Year Conference Report
- Determination of Reasonable Charges Under Part B of Medicare, A Basic Text
- Determination of Reasonable Charges Under Part B of Medicare, A Training Workbook
- Hospital Insurance Benefits, A Programmed Learning Text
- Medicare Enrollment, A Programmed Learning Text
- Medicaid: 1973-1979, A Selected Annotated Bibliography

Any States that have not received the Mid-Year Medicaid Directors' Conference, and the Medicaid Medicare Exchange, Issue #2 (December 1979) are asked to advise MMMI by contacting: Ruth Perry, 389 East High Rise, 6401 Security Boulevard, Baltimore, Maryland 21235, or call 301-594-8856, FTS 934-8856. Copies of other publications can also be obtained from Ms. Perry.

## GUIDE TO PRESCRIPTION DRUG COSTS

Medicaid and Medicare managers concerned with generic drug costs should be aware that a "Guide to Prescription Drug Costs" is now available from HCFA's Bureau of Program Policy. To encourage cost conscious prescribing by physicians and dispensing by pharmacists, HCFA recently distributed some 500,000 copies of the guide to practicing physicians, medical residents, osteopaths, retail pharmacies and hospital pharmacies nationwide. Based on costs to pharmacists for one day of therapy, the guide compares costs between different brands of the same drug and different drugs used for the same purpose. (Included are 186 drugs in 16 therapeutic categories, and all marketers of each drug.)

Projections indicate changes from use of this guide in physician prescribing and pharmacy dispensing practices could result in $6 to $120 million savings nationwide.

Copies of the guide may be obtained by writing to the Pharmaceutical and Medical Reimbursement Branch, BPP, HCFA, Room 1-C-5 East Low Rise, Baltimore, Maryland 21235.

## SELF-HELP GUIDE FOR SENIORS

The National Institute on Aging has issued A Guide to Medical Self-Care and Self-Help Groups for the Elderly, a publication that highlights a variety of community agencies, self-care programs and courses, and related publications tailored to help older persons help themselves. The 23 page guide may be purchased from the U.S. Government Printing Office, Washington, D.C. 20402.

## SPREADING THE WORD ABOUT "BEST PRACTICES"

Although every State program is unique, there are many common processes and problems that could be managed more easily by sharing information about experiences, ideas and successes.

To encourage and facilitate that exchange, M/MMI is developing a new publication series to provide brief descriptions and reference information about successful State practices that may be interesting or applicable to other States. The publication will be "one-pagers" in a looseleaf format, and will focus on practices that can be described, published and disseminated without lengthy documentation or processing.

M/MMI has devised some questions to guide States in describing their efforts. States wishing to submit information about exemplary or innovative approaches and techniques for program management should prepare their descriptions along these lines:

- Title of exemplary practice
- State
- Contact person: name, address, phone, position/title
- Program or management area(s) primarily affected
- Historical background/development of practice. What problems occurred that resulted in this improved approach? What approach was previously used, why was it replaced or modified?
- Summary description of the exemplary practice--how it works, what functions are involved. Attach a simple flow diagram if appropriate, and any readily available documentation. Discuss the significance of the practice in terms of program priorities and the problems solved by this practice.
- Why is this approach considered "exemplary"? What immediate and long range benefits or savings result? Include a cost/benefit ratio, if possible. Indicate other evidences of success as error reduction, reduced program costs, improved staff utilization, efficiencies in claim processing, increased third party liability collection, program advantages that occurred as a result of this practice. Has it been evaluated? By whom?
- What was involved in implementing and operating this approach? Impact on staff time, expertise, direct costs, paperwork, equipment, etc. What impact has this practice had on other peripheral operations, policies, systems? Indicate how cost, staff, resources expended in operationalizing the practice are justified by the solution it affords.
- What impact or benefit, if any, does this approach have for beneficiaries and/or providers?
- Describe conditions relevant to this practice that are necessary to its success and replication. What constraints exist that may hinder successful implementation of this practice? Discuss any problems to be anticipated in implementing or transferring the practice. Discuss potential for replication and transferability of this practice summarizing salient points suitable for State Medicaid program (regardless of size), etc.

Questions may be directed to Pat Alexander, M/MMI, 389 East High Rise, Baltimore, Maryland, 21235, telephone 301-594-9524, FTS, 934-9524.

# ACTION

These Action Transmittals have been issued by HCFA in recent weeks. States desiring copies may order them by calling 301-594-5519.

AT-80-9 Program Instruction 2/8/80
Recent Settlement Agreement in Underwood vs. Harris Related to Medicaid Eligibility

AT-80-10 Program Instruction 3/6/80
Medicaid Quality Control (MQC) Review of AFDC-QC and SSI-AQ Ineligible Cases

AT-80-11 Regulation 3/29/80
Upper Limits of Medicaid Payments for Long Term Care Facility Services (refer to 42 CFR Part 447)

AT-80-12 Regulation 3/5/80
Title XVIII, Rural Health Clinic Services; Title XIX, Rural Health Clinic Services (refer to 42 CFR Part 447)

AT-80-13 Regulation 3/7/80
Limitation on Payment or Reimbursement for Drugs (refer to 42 CFR 447.332)

AT-80-14 Program Instruction 3/12/80
Revision to MQC Manual on Four Months Extended Coverage Code Methodology

AT-80-15 Regulation 3/5/80
Title XIX, Social Security Act: Medicaid Management Information Systems (refer to 42 CFR 443.112, 443.113, 443.115)

AT-80-16 Program Instruction 3/18/80
Rescission of AT-79-59 Applying Medicare Home Health Agency Cost Limits to Title XIX Reimbursement

AT-80-17 Plan Preprint-Correction 3/21/80
Preprinted State Plan Amendments on (1) Assignment of Rights to Medical Care Support and Payments as a Condition of Eligibility, and (2) Cooperative Arrangements with Other State Agencies for Enforcement of Rights to Support and Collection of Assigned Payments

AT-80-18 3/21/80
Medical Assistance Manual: Services & Payment in Medical Assistance Programs; Early & Periodic Screening, Diagnosis, & Treatment (EPSDT) of Eligible Individuals Under Age 21; Reports; Quarterly Child Health Status Report (HCFA-156)

AT-80-19 Program Instruction 3/25/80
Monthly Report of Physicians/Practitioners, Providers, and/or Other Suppliers of Health Care Services Suspended, Excluded, Terminated, Reinstated, or Where Effectuated Sanction was Withdrawn

# TRANSMITTALS

AT-80-20 Regulation 3/3/80
Utilization Review Procedures for Hospitals and for Facilities or Programs that Provide Inpatient Psychiatric Services to Medicaid Recipients Under 21 Years of Age (refer to 42 CFR Parts 405, 440, 456, 482)

AT-80-21 Regulation 3/14/80
Requirements for Certification of Medicare and Medicaid Long Term Care Facilities with Repeat Deficiencies (refer to 42 CFR Parts 405, 442)

AT-80-22 Notice 4/8/80
Medicaid Reasonable Cost Payment for Inpatient Hospital Services Title XVIII, Social Security Act: Medicare Reasonable Cost Payment for Inpatient Hospital Services

AT-80-23 Program Instruction 4/11/80
Instructions Regarding EPSDT Monthly Lists for Penalty Monitoring Sample Purposes

AT-80-24 Notice 4/15/80
Submission of the State Medicaid Cost Report as a Supplement to Plan Attachment 4.19D

AT-80-25 Regulation 4/15/80
Provider Agreements: Effective Dates; Effect of Change in Ownership (refer to 42 CFR 442.12, 442.13, 442.14)

AT-80-26 Interim Regulations 4/15/80
Substantial Gainful Activity Earnings Guidelines for 1980 (refer to 20 CFR Parts 404 and 416)

AT-80-27 Regulation 4/16/80
Medicare Reimbursement of Hospital Based Physicians (refer to 42 CFR Part 405)

AT-80-28 Regulation 4/16/80
Annual Hospital Report (refer to 42 CFR Parts 400, 401, 402, 403, 404, 405, 433)

AT-80-29 Plan Reprint 4/18/80
Preprinted State Plan Amendment on Provider Agreements--Effective Dates and Change of Ownership

AT-80-30 4/22/80
Clarification of Options for Reporting MQC 6-Month Summary Data and Revision of Review Schedule Edits

AT-80-31 Program Instruction 4/23/80
Title XIX Social Security Act, Section 1903 (g) Utilization Control Validation Survey for the Quarter Ending 3/31/80, in 10 Selected States' Skilled Nursing Facilities. These States are Arkansas, California, Georgia, Maine, Nebraska, New York, Oregon, South Dakota, Virginia and Wisconsin.

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# Personnel

MEDICAID

New Medical Assistance Unit Directors

William Montgomery - Missouri

New Single State Agency Heads

James A. Buford - District of Columbia
George A. Fischer - Louisiana

INTERMEDIARY-CARRIER DIRECTORY UPDATE

Blue Cross of Florida
Arthur P. Owens, Vice President, Medicare A Claims

E.D.S. Federal Corporation
Des Plaines, Illinois field office
Larry Bryant, Executive Program Director
Bob Dam, Deputy Director

The Equitable Life Assurance Society of the United States
Albuquerque, New Mexico field office
Barbara Jordan, Director
Nashville, Tennessee field office
N. Michael Brown, Director

Group Health, Inc.
Coral Gables, Florida field office
B. R. Gunter, Vice President

ACTION TRANSMITTALS - continued

AT-80-32 4/24/80
Instructions for Adjusting Hospital and Skilled Nursing Facility Interim Payments for Malpractice Costs

AT-80-33 Reporting Requirement 4/28/80
Revisions to the Instructions for Preparation of the Quarterly Report of Abortions (Form HCFA 64.9b) for the Medical Assistance Program Approved Under Title XIX

AT-80-34 Regulation 5/1/80
Medicaid Program - Miscellaneous Corrections (refer to 42 CFR Subchapter C)

AT-80-35 5/1/80
Medicaid Reimbursement Survey

## ANTITRUST VIOLATIONS

A U.S. Department of Justice attorney highlighted potential antitrust situations in Medicaid programs at the 12th Annual Conference of Medicaid Directors in Memphis May 13.

W. Stephen Cannon told the attendees about Justice's recent agreement with the South Carolina Health Care Association regarding that group's activities that affected individual nursing home provider contracts in the State. Justice had contended that the South Carolina association had violated antitrust laws by acting as an agent of its members to negotiate and then approve or disapprove Medicaid contracts, and that the member nursing homes had jointly refused to enter into provider contracts except on terms they had agreed on among themselves. One result, Justice alleged, was that the actual price of Medicaid nursing home care had been increased. The case (United States vs. South Carolina Health Care Association, Inc.) has been settled by a consent decree between Justice and the Association which sets forth what the Association can and cannot do in the future. (See MMX issue #3)

Cannon outlined some general principles that may constitute antitrust violations; telling the conference participants: "Our concern is with pressure placed upon you and your Medicaid program by groups of providers and their trade associations. Thus, we believe that providers violate the antitrust laws when they agree among themselves to withdraw from the program, or agree to threaten to withdraw, unless their economic demands are met. Decisions whether to accept or reject a contract should be made by providers on an individual basis rather than a group basis. Perhaps a hypothetical situation will be helpful. Suppose several representatives of the State Pharmacists' Association come to your office to express displeasure with the dispensing fee. They tell you that at a recent meeting, the Association passed a resolution that all members would stop filling Medicaid prescriptions if you refused to raise the fee. In our opinion, this probably violates the Sherman Act. Of course, if they go further and actually terminate participation, the violation is even clearer."

Emphasizing that the example given was just one of many and that variations abound, Cannon advised the State staff that, "Whenever you feel pressured by providers about reimbursement, you should check with your counsel to see if the activity is inappropriate."

In conclusion, Cannon added: "The point is that while provider input may be helpful to your decision about reimbursement, economic pressure of this type is not. Your decision should be based on the merits of a reimbursement proposal rather than the fear of group pressure. It may be that your reimbursement is too low. But there are lawful methods by which this can be made known to you."

Questions about provider conduct in this regard may be directed to Cannon in Washington at 202-633-2836.

## SCHAEFFER RESIGNS

Leonard D. Schaeffer resigned as Administrator of the Health Care Financing Administration, effective June 1, 1980, due to family and personal obligations. In a May 19 memorandum to HCFA staff, Schaeffer stated, "I have had the extremely rewarding experience of working together with all of you on a most important task - improving the delivery of health care services to the poor and the aged of this country." Mr. Schaeffer also noted some of HCFA's highlights of the past eighteen months in developing and implementing strategies to improve both program administration and beneficiary service delivery. Among such strategies were:

- The Child Health Strategy to widen access for poor children to appropriate health care services;
- The Medicare Contracting Strategy to reduce costs and increase efficiency among carriers and intermediaries; and
- The Beneficiary Services Strategy to improve our beneficiaries ability to secure appropriate health care services when they need them.

In his letter to HHS Secretary Patricia Roberts Harris, Mr. Schaeffer wrote that he was particularly proud of his association with HCFA, citing its mission and adding, "Given this important mission and the quality of people with whom I work, I have found my experience at HCFA to be the most rewarding of my professional career. As you know, however, there are family and personal obligations which have been difficult to meet and which I feel I can no longer defer."

Former Deputy Administrator Earl M. Collier, Jr. is now acting Administrator.

## STATES HELPING STATES

To encourage communication and assistance among individuals with similar responsibilities in different States, M/MMI is working on an updated and expanded resource list of State staff. The "Technical Assistance and Consultation Resource List" will identify State staff by program area (e.g., EPSDT, eligibility, financial management, MMIS, etc.) and provide some information about each person's specific area of expertise.

A questionnaire to solicit referrals for the list and to gather information about priority needs was distributed at the Memphis State Medicaid Directors' Conference. State staff who have extensive experience or expertise in a particular program area, and who are willing to provide consultation or assistance to other States, may be included on the list by submitting the following information to M/MMI:

- Name/State/Agency/Position
- Mailing address and phone number
- Program area
- Brief (2-3 sentence) description of specific expertise

While most assistance provided would be through telephone consultation, resource persons may also be asked to provide on-site assistance to other States or to serve as speakers at conference and workshop programs. The new list will be published as soon as a sufficient number of referrals are received; it will be updated periodically.

Send your information to Pat Alexander, M/MMI, 389 East High Rise, 6401 Security Boulevard, Baltimore, Maryland 21235.

# Legislative Ledger

During the pre-Easter session, a House-Senate conference began resolving differences in the Social Services and Child Welfare Amendments (H.R. 3434). To date, conferees have accepted the Senate's Medicaid provisions which would require the exchange of information between Medicaid and Medicare when providers under Title XVIII and XIX are terminated or suspended from the program; and retroactively reinstate the Medicaid eligibility of veterans who lost Medicaid and cash assistance because they chose to receive new higher VA pensions (accepted with simplified administrative procedures). Other provisions under consideration are detailed in previous issues of MMX.

Other recent Congressional activities of interest to Medicaid and Medicare managers follow.

- On April 17, the House Ways and Means Subcommittee on Health held a hearing on the Federal Privacy of Medical Information Act (H.R. 5935), after the House Government Operations Committee favorably reported the bill on March 3. This bill permits individuals access to their medical records and establishes minimum criteria for the protection of patients' medical records in nonFederal medical care facilities. Larry Gage, HHS Deputy Assistant Secretary for Legislation (Health), testified for the Administration along with John Keeney, Deputy Assistant Attorney General, in support of the privacy bill.

- The House Select Committee on Aging's Subcommittee on Health and Long Term Care held a hearing April 23 on day care services for the elderly. Jeffrey Merrill, Director, Office of Legislation and Policy, appeared for HCFA together with representatives from HHS's Administration for Public Services and Administration on Aging. Mr. Merrill testified that HCFA would continue to examine this type of service for the elderly by supporting ongoing State efforts as well as through research and demonstration projects.

  Also testifying was Dr. William Weissert, research project manager of a study on health-oriented adult day care services conducted by the National Center for Health Services Research. The study concludes there is no significant cost or health benefit derived from this type of adult day care program. Because of the study results and current budget constraints, several members of the Subcommittee felt the Department should not expand such efforts until Congress was given further direction.

- Chairmen of two House health subcommittees, Henry Waxman (D-CA) of the Commerce Committee and Charles Rangel (D-NY) of the Ways and Means Committee, introduced H.R. 7070, which revises the Federal matching formula for the Medicaid program. The bill would base the matching rate on the relation of State per capita income to the national per capita income adjusted to reflect the cost of living in the particular State. Representatives Waxman and Rangel estimate 40 States would be guaranteed no increased costs due to the new matching formula. Also, the bill would provide that public cash transfer payments based on need would not be considered in determining per

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LEGISLATIVE LEDGER - continued

capita income in the State. The sponsors do not want to penalize high cost of living States which commit larger amounts of tax dollars to provide a reasonably adequate public assistance grant by reducing the Federal share of Medicaid costs. The Congressional Research Service has determined that the bill would add $2.1 billion to the Federal budget.

For further information on these or other HCFA legislative issues call Richard Chambers, HCFA's Legislative Reference Office, 202-472-5240.

Department of Health and Human Services
Patricia Roberts Harris, Secretary

Health Care Financing Administration
Earl M. Collier, Jr., Acting Administrator

Bureau of Program Operations
Mildred L. Tyssowski, Director

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